How do I participate in the Group Insurance Commission FSA programs?

You can sign up to participate in these programs during the GIC's fall Open Enrollment period. New Commonwealth employees or employees with a change in family status can enroll during the year.

Everything you need to participate is online. Visit the GIC's website at **www.mass.gov/gic** for:

- Enrollment and Claim forms.
- Instructions for online re-enrollment.
- Details on the SHPS Spending Account Card.

Visit **www.enrollone.com** to:

- Re-enroll online (current participants only).

And visit **www.myshps.com** to:

- Research eligible expenses and relevant IRS information.
- Check the status of your account and any claims online.

More questions? Contact SHPS Customer Service at **1-866-862-2422**.

How do I contribute to my FSA?

Once you make your annual election, your payroll office will deduct this amount from your pay in equal amounts throughout the year, before taxes are removed.

How do I get reimbursed?

Use your SHPS Spending Account Card to pay for eligible health care purchases and the funds are automatically deducted from your HCSA.

Or simply pay for eligible expenses out of your own pocket, and then fax or mail a reimbursement request with the appropriate documentation to SHPS. Your request will be processed promptly and you will be reimbursed either through direct deposit into your checking or savings account, or by mailed check.

The SHPS Spending Account Card:

- Offers easy access to HCSA account funds.
- Eliminates the hassle of filing reimbursement forms.
- Works like a credit card, only the funds are deducted from your HCSA.
- Updates your account balance and transaction history.

You'll automatically receive the SHPS Spending Account Card free of charge when you enroll in the GIC's HCSA. Just a quick call to activate the card and you're ready to go.

Note: You can request additional cards at $5 each for your spouse or dependents. Details will be provided with your card. It's a great way to ensure that all family members have access to FSA funds when needed.

This brochure provides a general overview of SHPS' FSA program and is not inclusive, nor a guarantee of eligibility or payment. Please see your employer's plan documents for specifics regarding your plan. If any conflict arises between this brochure and your plan documents, the terms of your employer's plan will apply.

SHPSFSAGIC0907

Flexible Spending Account Program

Discover How It Can Pay Off For You!

Commonwealth of Massachusetts Group Insurance Commission

SHPS® Transforming Healthcare

What is a Flexible Spending Account (FSA)?

The Group Insurance Commission (GIC) offers two pre-tax programs administrated through SHPS to help reduce health care and dependent care out-of-pocket expenses.

Each program is specialized to help meet your specific needs—the Health Care Spending Account (HCSA) and the Dependent Care Assistance Program (DCAP). By using money set aside on a pre-tax basis, you can use these FSAs to help pay for qualified, non-reimbursable health care and dependent care expenses.

The two types of FSAs:

- The Health Care Account is for healthcare expenses not paid by insurance.
- The Day Care Account is used for dependent care expenses that allow you (or you and your spouse, if you're married) to work or look for work, or that allow your spouse to attend school full-time.

How will a Flexible Spending Account help me save on taxes?

An FSA allows you to set aside money for eligible expenses before your employer deducts taxes from your paycheck. This means the amount of income your taxes are based on will be lower—which means your tax liability will also be lower.

Here's an example:

ANNUAL SAVINGS EXAMPLE*	With FSA Account	Without FSA Account
Annual salary	$35,000	$35,000
HCSA pre-tax contribution	$1,500	0
Taxable income	$33,500	$35,000
Federal and State taxes	($ 7,107)	($ 7,597)
After-tax dollars spent on eligible expenses	0	($ 1,500)
Spendable income	$26,393	$25,903
Tax savings with an FSA	**$490**	

*Sample tax savings for a single taxpayer with no dependents. Actual savings will vary based on your individual tax situation. Please consult a tax professional for more information.

How much should I contribute to my FSA?

Since contributions are unique to your health care and dependent care situation, that amount is completely up to you. On average—for health care alone—individuals with health insurance spend more than $1,000 a year in out-of-pocket expenses, while a family of four pays more than $2,000 a year.

Before enrolling, feel free to use SHPS' FSA calculator at **www.myshps.com** to help you estimate the contribution amount that is right for you.

- Under current Commonwealth guidelines, you may contribute a minimum of $500 to a maximum of $2,500 in the HCSA.
- You may also contribute up to the lesser of $5,000 or 100% of the lowest paid spouse's income to the DCAP.

The IRS places strict guidelines on these contributions, so you should estimate your FSA pre-tax contributions carefully. Because of the tax benefits of FSAs, the IRS imposes a strict "use-it-or-lose-it" rule, which means money left in a pre-tax account at year end does not roll over and is forfeited.

Note: The IRS provides a 2½ month "grace period" at the end of the plan year in which participants can access unused contributions from the previous year's FSA programs for qualified expenses incurred through March 15 of each year.

If these apply to you, enrolling in an FSA can help:

Health Care

You could save significantly with a Health Care Spending Account* if you or your dependents:

- Have out-of-pocket expenses like co-pays, co-insurance or deductibles for health, prescription or vision plans.
- Purchase over-the-counter medications, such as pain relief, allergy medication and first aid treatments.

- Need specialized equipment or services for disabled persons (e.g., automobile modifications, Braille books and magazines, guide, companion or service animals, etc.)
- Wear glasses or contact lenses.
- Receive orthodontia treatments, such as braces, or have dental expenses not covered by your dental insurance.

Dependent Care

The Dependent Care Assistance Program is designed for specific situations*. You can elect a Dependent Care Assistance Program if you (or your spouse, if married) are working or in school and:

- Your dependent children under age 13, attend day care, after-school care, or summer day camp.
- You provide care for a person (of any age) whom you claim as a dependent on your federal income tax return and who is mentally or physically incapable of caring for himself or herself.

*Visit www.myshps.com for a list of eligible HCSA and DCAP expenses.